



# BILL BRIEF

## HB 1389 – Residential Rent Increases

### Key provisions

- Requires Commerce to establish an annual rent increase maximum that landlords must adhere to which will range from 3-7% based on the rate of inflation.
- Allows landlords to participate in a “banked capacity program” to increase rents more later (up to 10% total) if they forego increasing rent in a year.
- Applies the Consumer Protection Act and increases the AG’s power and scope of authority.

### Background

While this bill is not *technically* rent control, the same arguments against rent control apply to this bill. Legislation in Oregon, California, and Minnesota have all shown declines in housing permit applications and rental availability in the aftermath of rent control legislation.

### What this legislation does

- Commerce will establish an annual rent cap, but this cap will not apply to new construction within the past 12 years or property run by Public Housing Authorities. Exceptions can be made for extraordinary circumstances.
- Applying the Consumer Protection Act also comes with \$10-25,000 in fees to landlords found to be in violation of this act.
- Landlords are limited in how they can use their banked capacity and can only bank a 3% increase to use later.
- Landlords are prohibited from collecting move-in fees or deposits that exceed one month’s rent.
- Landlords can “reset” a unit to market rent only if a tenant voluntarily moves out. All other circumstances, such as evictions, lock landlords into the existing rent.

### Fiscal information

- \$3.7 million in the 2025-27 biennium due to increased costs for both the Department of Commerce and the Attorney General’s Office related to investigation staff and ensuring compliance.

### Stakeholders

- **Opposed** - Washington Realtors, National Association of Residential Property Managers, Rental Housing Coalition, Community Bankers of Washington, Détente Management, Association of Washington Business

**Bill Status as of 3/2/23: In Rules**

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### Key messages

Rent control will decrease the supply of rental housing.

Less access to rental housing will further exacerbate the homelessness crisis.

Small landlords will be hurt by these rules and may ultimately leave the business altogether.

Financing rental properties will be more difficult with uncertain rental rates.

Landlords will be incentivized to use the maximum allowed increase every year because next year’s cap may not be enough.